



EDWARD NIXON



JOHN MITCHELL & MAURICE STANS WITH WIVES AT G.O.P. FUND-RAISING DINNER



ROBERT VESCO

## INVESTIGATIONS

# More Questionable Campaign Cash

**F**IRST ITT, then Watergate—and now Vesco. Last week officials of the Committee for the Re-Election of the President (C.R.P.) admitted that it had received \$200,000 in cash from the business executive most prominently involved in what a member of the Securities and Exchange Commission calls “one of the largest securities frauds ever perpetrated.” In pretrial papers filed in a New York federal court, the commission contended that Vesco gave the cash, “in an attempt to influence the commission’s investigation.”

The donation was made by Robert L. Vesco, 37, a shrewd international financial operator. He had bought control of Bernard Cornfeld’s International Overseas Services mutual-fund complex early in 1971 and then, according to the SEC civil suit, led 41 other defendants in “looting” \$224 million from four IOS funds. The case is intriguing in view of Vesco’s connections. As an administrative assistant in his business, Vesco employed Donald Nixon, 26, a nephew of the President. Vesco’s lawyers were able to enlist the help of one of the President’s brothers, Edward Nixon, in arranging the campaign contribution and the aid of former Attorney General John Mitchell in determining the status of Vesco’s legal difficulties with both Swiss and U.S. authorities.

While some of the circumstances surrounding the Vesco contribution are in sharp dispute, there is no argument over the chronology:

**MAY 25, 1971.** The fact that the SEC was investigating Vesco’s IOS financial shenanigans became a matter of wide public knowledge when a federal judge in New Jersey dismissed Vesco’s suit attempting to block the SEC probe.

**NOV. 31, 1971.** Harry L. Sears, head of Nixon’s re-election campaign in New Jersey and a director of International

Controls Corp., which Vesco dominates, telephoned Mitchell, then Attorney General, to get U.S. Government help for Vesco. He had been jailed in Geneva on complaint of a former IOS sales manager, alleging improper business conduct, fraud and attempted embezzlement. Mitchell personally phoned the U.S. embassy in Berne. Vesco was released on bail the next day.

**FEB. 1972.** Daniel Hofgren, a vice chairman of the Nixon campaign finance committee, met a Vesco business associate, Gilbert R.J. Straub, on a transatlantic airliner and suggested that Vesco might contribute to the campaign, as he had done in 1968.

**MARCH 1972.** Sears called Mitchell again to solicit help in setting up a meeting with officials at SEC to discuss their investigation of Vesco. The meeting was held May 11. It was attended by Sears, William J. Casey, who was then SEC chairman, and G. Bradford Cook, who is the newly named SEC chairman.

**APRIL 7, 1972.** A campaign contributions law went into effect, requiring the reporting of any donation over \$100, including identity of the donor.

**APRIL 10, 1972.** Laurence B. Richardson Jr., a former president of Vesco’s International Controls, and Sears flew to Washington with a briefcase containing \$200,000 in cash. They delivered it to Maurice Stans, chairman of the Nixon campaign finance committee. The money was deposited in Stans’ safe. This is the same safe from which large amounts of money were disbursed to G. Gordon Liddy, who was convicted of conspiracy and wiretapping in the bugging of Democratic National Committee headquarters at the Watergate.

**NOV. 27, 1972.** The SEC filed a spectacular civil suit against Vesco and others involved with IOS. It charged misappropriation of IOS money and asked

that IOS mutual funds and International Controls be placed in receivership for protection of investors.

**JAN. 26, 1973.** The Washington *Star-News* reported that \$200,000 may have been contributed to the Nixon campaign by Vesco.

**JAN. 31, 1973.** A lawyer for the Nixon finance committee wrote to Vesco, noting “it has come to our attention” that Vesco was under investigation by the SEC and that therefore “we believe it is in your best interest, as well as ours, that the contributions be returned.” Both the \$200,000 unreported cash donation and another \$50,000, given by checks and properly reported, were then returned to Vesco.

Many of these facts were cited in a 371-page deposition taken from Sears by SEC attorneys for the Vesco trial, which is scheduled to begin this week in New York. Nobody has yet denied that these events took place.

Three major questions, however, are much in dispute. Was Mitchell’s intervention with Swiss and SEC authorities a routine service for a political associate (he and Sears had known each other since the 1968 Nixon campaign) or an application of special pressure? Did officials of the C.R.P. or Vesco suggest that the \$200,000 be given in cash? Was the committee legally obligated to report the cash donation?

Mitchell told reporters last week that he had phoned the U.S. embassy in Berne because Sears was a friend and had made the request. While such a request normally would go through the State Department, Mitchell said, “it’s not unusual for a call like that to come to Justice.” There is no indication that Mitchell’s call hastened Vesco’s release from jail. Yet neither the U.S. officials in Berne nor Vesco could have taken Mitchell’s role all that lightly. Vesco, according to the deposition, sent Sears two gift checks totaling \$15,000 after Mitchell’s help, calling the money “a way of saying thank you.”

As for setting up the SEC meeting,

Mitchell called that "a normal process where people were complaining about the Government and putting them in touch with the head of the department." He said that the SEC investigation of Vesco was, at that stage, "not a very important thing." Ex-Chairman Casey disagrees, calling it "a big case with a very broad investigative background."

While Stans refused to talk to newsmen, the Nixon finance committee claimed in a release that "at no time during the campaign did he [Stans] suggest to any contributor that a contribution be made in cash." The committee contended that it was Vesco who wanted to avoid paying by check. Yet Sears' deposition claims that Vesco expressed "some trepidation" about making a cash donation and wanted to check the Nixon committee again to make sure that cash was what it wanted. Sears testified that Edward Nixon, who made numerous speeches in the re-election campaign, was summoned to Vesco's International Controls headquarters in Fairfield, N.J. Vesco, again according to the deposition, told Sears that Nixon made a phone call to Washington and confirmed that, yes, cash was wanted.

**Deadline.** A spokesman for the C.R.P. contends that the donation was not reported because all arrangements for its delivery had been made a few days before the April 7 deadline, and that only a sudden change of schedule by Stans made delivery before that date impractical. Yet Fred Thompson, deputy director of the Office of Federal Elections, a division of the General Accounting Office that is investigating the failure to report the gift, called it "an apparent violation of the statute."

It will be up to Nixon's Justice Department to determine whether his committee will be prosecuted for its handling of the Vesco money. The Justice Department may also try to determine whether the money came from Vesco's private funds or whether, as some reports indicated, from a bank in either Luxembourg or the Bahamas that is controlled by a Vesco corporation. The latter would be a possible double violation because no campaign committee is allowed to accept money from either a corporation or a foreign source.

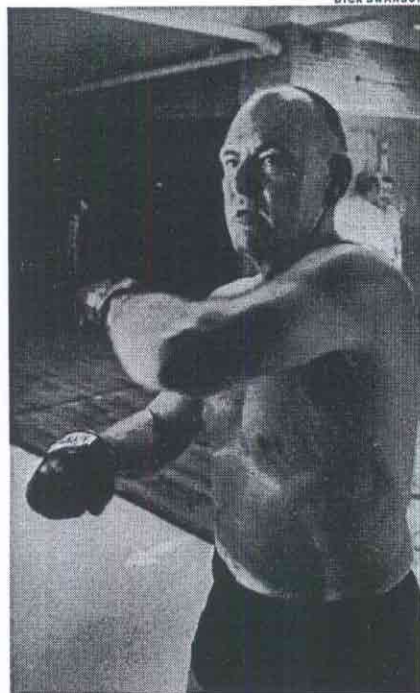
Whatever the legal findings, there is no doubt that C.R.P. officials were aware of Vesco's SEC troubles at the time that they decided to accept his contribution. Through a C.R.P. spokesman, Stans conceded that he had read about the SEC probe early in 1972 and had consulted Mitchell about accepting the money. But since no charges had been filed then against Vesco, they saw "no reason" not to take the gift. Asked why the Nixon committee took two months after the SEC suit was filed against Vesco to return the money, C.R.P. Spokesman DeVan Shumway conceded: "I don't have a good logical explanation." Indeed, federal authorities should be searching for many explanations in the weeks ahead.

## THE FBI

## A Full Court Press

Citing reasons why he thought that L. Patrick Gray III would be an excellent director of the Federal Bureau of Investigation, Attorney General Richard Kleindienst said: "He's a real patriot and a dedicated anti-Communist." Moreover, added Kleindienst, "he's loyal to President Nixon."

But what the Senate Judiciary Committee wanted to know was whether Gray, like J. Edgar Hoover before him, would guard against partisan political tampering with the FBI. Last week the committee opened hearings on Gray's nomination. In two wearying days of testimony, Gray, wearing an American flag pin in his lapel, sought to convince



ACTING FBI DIRECTOR L. PATRICK GRAY  
A political workout.

the committee that his personal loyalties to his longtime friend, President Nixon, would not interfere with his even-handed guidance of the FBI. Said Gray: "I am not a partisan guy." But the committee's vote was still uncertain, and the hearings were to continue.

Under questioning, Gray did not convincingly refute the report in TIME a week ago that the FBI, under Hoover and later under himself as acting director, had tapped the phones of six or seven Washington newsmen. He said that he had checked all records of authorized security taps and had found no orders or indications that any such taps had been placed. He also questioned a Justice Department information officer and got a negative response. Asked Senator Edward Kennedy "That is the sole extent of your investigation?"

Other key questions: Did Gray give campaign speeches for the President?

No, said Gray. He did make some 16 speeches during the height of Nixon's campaign, but his theme was simply that "America is a great and good land." Why did he not question more thoroughly the White House aides who might have been involved in the Watergate bugging incident? Gray replied: "When you are working in close with the office of the presidency, the presumption is one of regularity."

Nevertheless, Gray maintained that he had ordered a "full court press with no holds barred" investigation on Watergate. He even offered to let every Senator examine all the FBI documents gathered in the Watergate probe. If they take up the offer, they may learn quite a bit, including more about E. Howard Hunt, who pleaded guilty to conspiracy in the Watergate case. According to Justice Department officials, interviews and reports by FBI agents on the Watergate case show, among other things, the following:

► White House records listed Presidential Counsel Charles Colson as Hunt's "supervisor" from June 1971 through March 1972, at least four months after Hunt had begun to recruit other wire tappers involved in the Watergate conspiracy. The records also show that Colson's secretary initialed Hunt's pay vouchers. Colson has denied "knowledge or involvement" in the Watergate bugging and has given sworn testimony that he did not see much of Hunt beyond August 1971.

► Presidential aides were involved in moving Hunt from his White House job as a \$100-a-day consultant on a narcotics-control program to a post with President Nixon's re-election committee. The FBI files contain a report of a memo dated March 30, 1972 from White House Aide W. Richard Howard to White House Aide Bruce Kehrli. The report described Hunt as "very effective for us" and sought to shift him to the Committee for the Re-Election of the President. The Watergate-trial evidence showed that while Hunt was working with the committee he was also with the group that tapped Democratic headquarters.

► The Robert R. Mullen Co., a Washington public relations firm, hired Hunt as a \$125-a-day consultant on an Office of Education publicity project. "Howard worked here during the day," a Mullen official told TIME. "He told us that he was working nights and weekends at the White House." Mullen has been doing various jobs for the CIA ever since the firm arranged propaganda broadcasts to Cuba as part of the Bay of Pigs invasion. When the FBI started to look into Hunt's links with the company after the Watergate arrests, CIA officials visited Gray and told him that the firm was used on occasion for CIA purposes. This disclosure, according to a Justice Department official, "had the effect of legitimizing Mullen" and putting severe limits on the FBI's investigation of Hunt's employer.